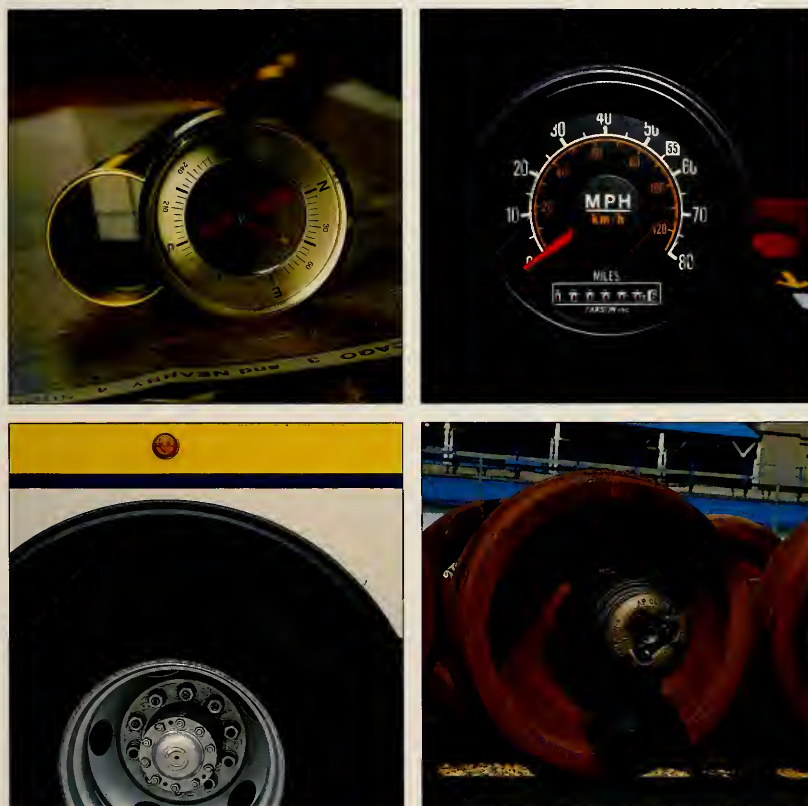
CHARTING THE COURSE



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Regional Transportation Authority
1993 Annual Report

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CONTENTS:

THIS ANNUAL REPORT IS DEDICATED TO THE MEMORY OF JACQUELINE B. VAUGHN, WHO SERVED WITH DISTINCTION AS A MEMBER OF THE RTA BOARD OF DIRECTORS FROM 1983 TO 1994.

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MISSION STATEMENT

The Regional Transportation Authority will ensure financially sound, comprehensive, coordinated public transportation for the northeastern Illinois region.

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Thomas J. McCracken, Jr.
Chairman

The Chairman's Message

"Charting the Course"

The Honorable Jim Edgar, Governor
and the General Assembly
of the State of Illinois

1993 was a year of progress for the Regional Transportation Authority — progress based on the changes we've made to prepare ourselves for the formidable challenges facing transit. These include threats to our traditional funding sources, accessibility and clean air legislation issues, as well as population trends and new technologies.

1993 saw many successes. Notably, we continued on schedule with our program to obligate the $1 billion in bonding authority we received in 1989 from the General Assembly. As the last of these funds is programmed, we begin to chart the course towards addressing the many remaining capital projects that still need funding. Capital for these projects will depend on our second request for bonding authority — which is rapidly approaching.

Addressing 1993 capital accomplishments, progress was made in converting existing Metra rail cars and the purchase of new cars to meet the Americans with Disabilities Act (ADA) requirements, and new accessible buses and rail cars were purchased for the CTA and Pace. In addition, the fruits of our giant capital program included the opening of the CTA Orange Line — which has become the urban transit benchmark for other properties — and the continued rehabbing or reconstruction of both CTA and Metra stations and transit centers system-wide.

In another ADA-related project, we have begun a massive effort to certify the region's more than 23,000 disabled persons consistent with the Act. This program allows us to develop a more in-depth understanding of the needs and capabilities of disabled persons in our area. We're proud that our ADA certification process is serving as a model for transit agencies nationwide.

The knowledge we've gained from this certification process is priceless. It will help us comply with both the letter and the spirit of the ADA legislation by more effectively funding the right type of special door-to-door service to those riders who need it, while increasing the use of mainline service by others.

Other important programs which have grown in the past year include our Transit Check product. Thanks in part to a change in the Internal Revenue Code that allowed us to increase the denominations, Transit Check — a tax deductible employer paid public transportation subsidy to employees — grew at the incredible rate of 300 percent in 1993.

Demand for this program shows no sign of abating. This is true partly because it will help many employers meet the tough new clean air legislation, and partly because its tax advantages make it a win-win proposition for both employers and employees. Simply put, it's a public-private partnership that works.

Certainly another change in 1993 was my election as Chairman of the Board of Directors. I am most grateful to both Governor Edgar and Mayor Daley for their support of my election by the Board. I look forward to not only responding to the public transportation needs of the region, but equally important, anticipating and planning for the future.

As an example, the RTA's financial condition in 1993 continued to be strong, having planned and weathered the recession of 1990 - 1992. This was in large part due to the foresight the Authority showed in creating a capital reserve which was used to meet the operating needs of the CTA, Metra and Pace during this difficult period. A financial crisis was averted, service levels were maintained, and jobs were secured due to the planning efforts of the RTA. I am committed to maintaining strategic financial planning of this nature.

In this spirit, soon after I assumed the chairmanship I articulated three guiding principles. These principles will help us ensure financially sound, comprehensive, coordinated public transportation for northeastern Illinois. They are:

- REDEDICATE OURSELVES TO CREATING A CUSTOMER DRIVEN SYSTEM.

  Like private industry, we must always remember that our customers have many choices in transportation, and we will only be successful by creating a system they want to ride.

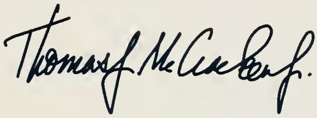
- LIVE WITHIN OUR MEANS. Government agencies must make a deliberate effort to maintain balanced budgets.

- FIGHT UNFUNDED FEDERAL MANDATES. Local governments across the country have been overburdened by federal mandates. In line with Governor Edgar and Mayor Daley, I am committed to working to see that projects receive the necessary federal funding.

Overall, in 1993 the RTA began to alter the way it plans for the future. The changing face of transit, evidenced by new technologies such as Personal Rapid Transit (PRT), electric station cars and automated fare collection systems, are harbingers of how public transportation will look in the next century.

For more than 100 years Chicago has been known as the leader in public transportation. In 1993, the RTA continued its long journey towards ensuring that this area maintains its leadership role. We look forward to meeting the many challenges that lie ahead.

Respectfully,



The RTA Board Of Directors

Martin R. Binder

Clark Burrus

Pastora San Juan Cafferty

Duane E. Carter

Charles G. Dalton

David L. DeMotte

Herbert E. Gardner

Frank R. Miller

Kathleen K. Parker

Donald L. Totten

Jacqueline B. Vaughn

Rev. Addie L. Wyatt

Laura A. Jibben
Executive Director

▲ *The CTA's state-of-the-art Orange Line provides access for all riders at every one of its stations between Midway Airport and the Loop, including this transit center at 35th Street and Archer Avenue.*

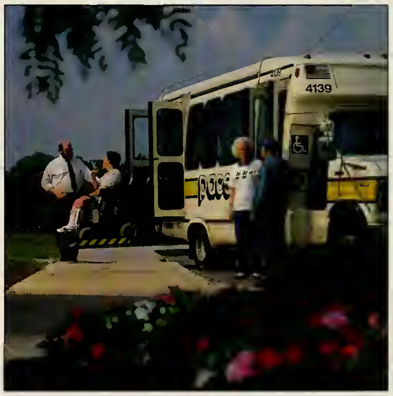
Moving Towards ADA Compliance

"Creating a Boarding Pass for Everyone"

Continued progress towards full compliance with the Americans with Disabilities Act (ADA) was a major theme in 1993. Though the cost of this federal mandate becomes more overwhelming every year, the region must be in full compliance with all ADA requirements by 1997, unless special extensions are granted by the federal government.

The RTA's program to certify all ADA paratransit eligible riders has become a benchmark for transit agencies nationwide.

In support of this effort, and to comply with the ADA requirement, transit agencies must seek to increase the accessibility of mainline service to persons with disabilities. In 1993 the CTA opened 11 accessible stations and purchased 180 new accessible rail cars. Metra developed lift technology to provide access to its cars from at-grade platforms, and Pace increased its ADA services by expanding its paratransit service and taking delivery of more than 100 mainline lift-equipped buses.



In addition, the RTA began an ambitious program to determine the eligibility of the more than 23,000 existing paratransit riders and nearly 8,000 new applicants in the region. In the spirit of the ADA legislation, the entire process is designed to assist disabled riders in learning how to effectively use mainline service.

The RTA staff worked extensively with the disabled community to develop an application that evaluates the ability of each rider to use mainline service. Follow-up telephone calls, face-to-face interviews for difficult to categorize applicants, informal and formal appeals and mainline travel training are important components of this effort.

The RTA's ADA Certification Program meets all requirements of the ADA legislation, and has been used as a benchmark by transit agencies nationwide.


Transit Check
THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER
PAY ONLY
VOID AFTER 180 DAYS
A H

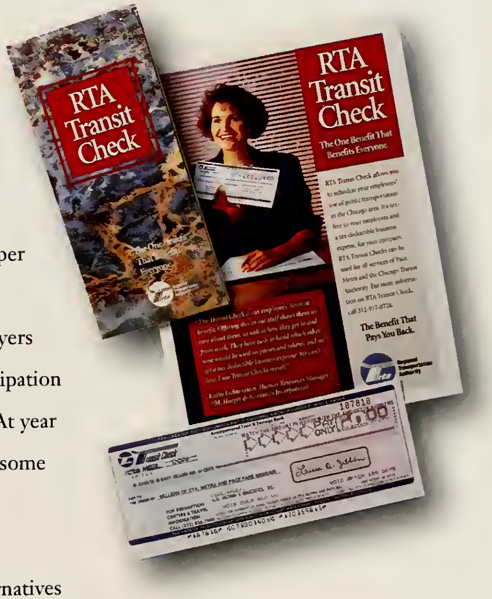
THE RTA TRANSIT CHECK PROGRAM

"Checking Down the Cost of Boarding"

As the northeastern Illinois region prepares for the onset of tougher new federal regulations aimed at reducing air pollution by restricting single occupant cars, one RTA program stands out as a model for how employers can help meet these new standards, while subsidizing their employees' commuting costs.

RTA Transit Checks are both tax deductible for employers and are a tax free benefit to employees. Employees can redeem checks like cash wherever tickets, tokens or monthly passes for the CTA, Metra or Pace are sold.

In 1993 the RTA Transit Check program became the beneficiary of a change in the Internal Revenue Code that has had a dramatic impact on the public's interest in this already popular incentive to ride transit.



The change allowed the RTA to raise the maximum value of the Transit Checks from $21 per month to a more realistic $60 per month. Transit Checks are now available in denominations of $21, $40 and $60. Employers responded in 1993 by increasing their participation in the program by more than 300 percent. At year end more than 800 companies representing some 13,000 area employees were Transit Check customers.

So dramatic was this change that alternatives for bolstering internal administration capabilities or possibly outsourcing the program are being considered, since demand has outstripped the RTA's current capabilities for administration of the program.

◄ *A commuter exchanges an RTA Transit Check for a Metra pass.*

RTA Travel Information, may I help? TRAVELER: *Hi, I just landed at Midway Airport, and I have a meeting downtown, and then I'm supposed to meet a client for a concert at the Ravinia Festival. Can you please tell me how I can do that on transit?* OPERATOR: *Certainly. First, tell me where your meeting is downtown.* TRAVELER: *It's at 444 North Michigan Avenue.* OPERATOR: *Well, first hop on the CTA Orange Line elevated train. The entrance is at the far east end of the Midway Terminal. Purchase a transfer, and ride the train into the Loop. Get off at the State/Lake Street station. Walk one block north to Wacker Drive and board a northbound #145 CTA bus using your transfer. That will take you directly to the Tribune Tower at Michigan and Kinzie. The 444 North Michigan Avenue building is across the street.* TRAVELER: *Okay, but what about getting to Ravinia Festival when my meeting is over?* OPERATOR: *For that you can board a southbound #151 CTA bus right in front of 444 North Michigan and take it directly to Northwestern Station, where you will board Metra's Chicago & Northwestern North Line. Exit the train at Ravinia Park, which is right outside the front gates of Ravinia Festival. Oh, and by the way, where is your hotel?* TRAVELER: *In the Loop.* OPERATOR: *Perfect. When your concert is over, there will be a train waiting, which will take you back to Northwestern station.* TRAVELER: *Thanks very much for your help.* OPERATOR: *My pleasure.*

THE RTA TRAVEL INFORMATION CENTER

"A Welcome Compass Heading"

Handling more than 10,000 calls every day, the RTA Travel Information Center (TIC) is a vital resource for hundreds of thousands of commuters in the region. Travelers can call the TIC at 836-7000 from anywhere in the six county region, because the RTA has made the TIC telephone number accessible from the 312, 708 and 815 area codes.

THE TIC HANDLES MORE CALLS ON MONDAY MORNING THAN ANY OTHER DAY. AGENTS SAY THIS REFLECTS JOB HUNTERS RESPONDING TO HELP WANTED ADS IN THE SUNDAY PAPERS.

For 20 hours every day of the week — between 5 a.m. and 1 a.m. — as many as 100 travel information agents utilize a sophisticated software system on which they can call up screens displaying schedules, train station or bus stop information, fares, detailed route maps, even road and rail construction information — for the CTA, Metra and Pace.

Updates in this information are made on a daily and even an hourly basis to keep this constantly changing information current. By simply keying in origin and destination information, agents have before their eyes all the information a customer might need concerning how to reach their destination — safely, quickly and economically.

In 1988 the RTA awarded the contract for the TIC to Advanced Telemarketing Corporation of Dallas, Texas. In 1993, the TIC handled more than 3.6 million calls, up 6.8 percent from 1992. In fact, the TIC captures more incoming calls than any system of its kind at a major transit property in America.

Thank you for calling RTA.


URBAN
MASS TRANSPORTATION
PROJECT
Metra
NEW HOMEWOOD COMMUTER
RAIL STATION

Capital Program

"Rebuilding our Infrastructure From the Keel Up"

Throughout the nation, municipalities and transit agencies alike are struggling with finding the capital for public works and transit projects — and the Chicago area is no exception. The RTA's massive capital program continued in 1993 with steps to reconstruct the region's aging transit infrastructure. Much of the system in this area, especially in terms of the CTA, is approaching 100 years of age — and showing it. RTA efforts to combat this included the setting-aside of funds for work on up to 26 CTA stations, 11 Metra stations, as well as four Pace park-and-ride lots and transit centers. In accordance with new ADA regulations, all new stations are accessible by persons with disabilities.

The CTA's new Orange Line carries more than 19,000 riders daily between Midway Airport and the Loop.

Also, 1993 saw the opening of the Orange Line, the first new CTA rapid transit line to open since the Congress/Douglas line between the Loop and O'Hare Airport began service in 1984. This highly touted state-of-the-art rapid rail line links Midway Airport to Chicago's Loop, and already carries more than 19,000 riders daily. The Orange Line has attracted drivers from the decaying Stevenson Expressway (I-55), which runs roughly parallel to the Orange Line, and the increasingly congested surface streets, as well as former bus riders. All in all, the RTA and its Service Boards made good progress in their efforts to rehab or reconstruct the region's infrastructure. As you'll read, far too much work remains, but consistent with its charter, the RTA will develop new and creative ways to acquire additional funds for these vital projects.

◄ *The RTA capital program has funded the construction of new stations throughout the region, including this Metra station in Homewood.*

▲ *Programming the RTA's $1 billion in bonding authority continued in 1993. Here Metra Electric cars are refurbished at the former Pullman rail car factory on Chicago's South Side.*

Bond Program

"A Steady Hand on the Wheel"

The RTA's bonding authority makes up an extremely important portion of its overall capital program. In 1993, proceeds from the sale of the RTA's general obligation bonds and state backed SCIP bonds contributed to the purchase of 256 CTA rail cars and 173 new Metra commuter rail cars, all of which are accessible to people with disabilities. Bonds also rehabilitated more than 140 Metra and CTA rail cars, and purchased 102 new Pace buses. In addition, two new CTA bus garages and one new Pace garage were constructed.

USING BOND PROCEEDS, THE RTA FUNDED SERVICE BOARD PROJECTS TO PURCHASE OR REFURBISH 429 TRANSIT RAIL CARS AND 102 BUSES, PLUS BUILD THREE NEW BUS GARAGES.

Contracts involving RTA bonds even fueled economic development in the region. The contract to refurbish or build new Metra rail cars was awarded to Morrison Knudsen Corporation, in a deal which guaranteed that the work would be completed in Illinois. Morrison Knudsen subsequently located its operation at the historic former Pullman factory on Chicago's South Side, bringing more than 400 new jobs in the process. In fact, the company has even moved its Transit Group Headquaters to Pullman, creating an additional 150 jobs.

By the close of 1993, the RTA had gone to market with more than $800 million of the $1 billion in bonding authority it had received from the Illinois General Assembly in 1989. The program has been the first step in the crucial effort to bring an aging transit system into the 21st Century. Solid progress has been made, but much more remains to be done.

The success of this effort, more than any other, will determine the viability of safe, economical mass transportation in northeastern Illinois. A future request for additional bonding authority is anticipated to ensure that the RTA can continue to fund these vital infrastructure projects for its Service Boards.

▲ *Here at Evanston's Davis Street transit center, Metra and CTA trains, as well as CTA and Pace buses share a common transfer point. These centers are coordinated to promote multimodal transportation at strategic sites throughout the region.*

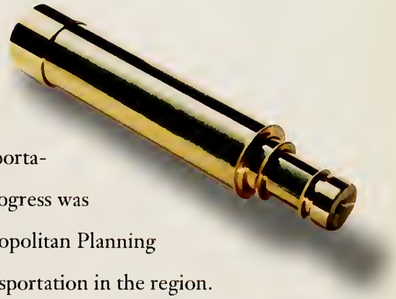
Vision

"Planning for Tomorrow's Voyages"

The RTA's enabling legislation calls for it to be the planners and strategic thinkers for transit in this region. In that capacity, the RTA planning department's key role is to aid decision makers. Not simply advising them on the data necessary to make a decision about the opening and closing of a station, but in a much broader sense, by providing them with the tools and techniques that enable them to strategically develop the transit systems of tomorrow.

RTA PLANNERS WORK WITH DECISION MAKERS TO STRATEGICALLY DEVELOP THE TRANSIT SYSTEMS OF TOMORROW.

RTA planning efforts in 1993 included continued work on a system-wide multimodal concept. This plan will emphasize the development of transit centers in order to promote ease when transferring between services for commuters. A select number of existing stations are being redesigned to reflect this concept, and the location of many new stations — including some along the CTA Orange Line — have been selected for this reason as well.



In addition, the RTA involvement with the Chicago Area Transportation Study (CATS) continued through its contribution to the CATS 2010 Transportation System Development Plan, a study designed to understand the transportation needs of the region into the next century. Significant progress was also made during 1993 on an RTA-funded study by the Metropolitan Planning Council (MPC) to adopt a vision for the future of public transportation in the region. In 1994 the MPC will recommend to the RTA the appropriate strategies it believes will be appropriate to achieve this vision.

Finally, a railroad right-of-way preservation study was completed. This study is designed to insure that this important right-of-way access is maintained for yet unplanned rail transit projects.


Equipment Division
Transportation
Systems
Personal Rapid Transit
PRT 2000
Raytheon
Equipment Division
Transportation
Systems
Passengers in Transit

Technology

"Creating a Map for Tomorrow"

In 1984, the RTA was given the statutory duty to explore new technologies in public transportation. These ongoing projects typically give us a peek into the future of transit — and none are more important to the RTA than its pioneering Personal Rapid Transit (PRT) project. PRT, which entered its second phase of development in 1993, features personally programmable cars seating no more than four persons.

In 1993 the RTA entered Phase II of its pioneer Personal Rapid Transit project.

These "cars" will travel non-stop to the passenger's chosen destination along elevated guideways. During Phase II, detailed design trade-off studies will be completed, and alternative building materials compared. Also, two test tracks will be built on the grounds of Raytheon Corporation, the American contractor selected by the RTA to design the system.

In this public-private partnership, the RTA not only secured a commitment of $20 million from Raytheon to match its own $18 million investment in this technology, but it also negotiated a 1.3 percent commission on the sale of all PRT systems for 25 years.

On other fronts, the RTA is investigating alternative fuel "Station Cars," which would provide commuters with dedicated car pool vehicles for the express purpose of commuting between train stations and their homes, offices or other destinations. The RTA also funded the development of a hi-tech multi-media training program, initially to be tested on some 600 CTA employees, designed to teach them sophisticated customer service skills. Following an initial test period, the program is scheduled to be customized for Metra and Pace as well.

◄ *Work on the RTA's Personal Rapid Transit system moved into Phase II in 1993. During this phase, feasibility studies, as well as engineering and technical work will determine both the shape of the system and the materials best-suited for its use.*

Direction

"Beyond the Horizon"

The future of public transportation is being redefined everyday. New federal regulations designed to protect our environment and provide equal access to all riders continue to challenge us. In addition, we face an ever evolving political landscape that will likely require us to be more creative with available funding, and to seek out new sources of funding in the future. Clearly the signs are warning transit agencies that they must adapt.

The RTA and this region's public transportation system have historically done more than simply adapt. Indeed, for 100 years, northeastern Illinois has acted as the leader in shaping mass transportation for the nation. In fact, transit properties the world over continue to look to us for examples of public transportation that works.

The RTA staff are among the industry's finest strategic thinkers. The quality of their research and the foresight they exhibit in funding long-term plans for rolling stock, access for the disabled, fare collection, clean air and other important transit oversight areas are unrivaled. In taking direction from the Board of Directors, staff works to keep the vision and accountability of the northeastern Illinois transit system at the forefront of the transit industry, and to further the RTA's reputation as a benchmark public transit agency for the nation.

These seasoned professionals *are* the RTA, and they — together with their colleagues at the CTA, Metra and Pace — will continue to develop better, cleaner, faster, and more efficient ways of moving people around the six-county region.

One of the finest collections of transportation professionals in America, the RTA staff poses at the Adler Planetarium before the skyline of Chicago. Incidently, the Adler Planetarium is served by the CTA's #130 and #145 buses, which connect with Metra trains at Union and Northwestern stations, as well as the Pace #210 bus.

THE FINANCIAL REPORT

Pro Forma Combining Financial Report of the Regional Transportation Authority and Service Boards

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Introductory Section

Pro Forma Combining Financial Statements

Supplementary Financial Information

Statistical Section

LETTER OF TRANSMITTAL

Mr. Thomas J. McCracken, Jr.
Chairman
Regional Transportation Authority
181 West Madison Street
Chicago, Illinois 60602

We are pleased to present the Pro Forma Combining Annual Financial Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the Fiscal Year Ended December 31, 1993. The purpose of this report is to fulfill the requirements of Section 4.05 of the RTA Act. This report presents the operations of our transit system in the aggregate and not as individual components. It allows you to see the magnitude of the resources on hand and in use for mass transportation in the Northeastern Illinois Region.

The Pro Forma Combining Financial Statements have not been audited, but their compilation has been reviewed by the RTA's independent auditors. These reports are available upon request.

As always, the staff recognizes the board's commitment to fiscal responsibility and we look forward to another year to continue to improve transportation in Northeastern Illinois.

Sincerely,

Laura A. Jibben

Frederick B. Ollett

Laura A. Jibben
Executive Director

Frederick B. Ollett
Assistant Executive Director
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

Board of Directors
Regional Transportation Authority
Chicago, Illinois

KPMG Peat Marwick
Certified Public Accountants

We have audited the general purpose financial statements of the Regional Transportation Authority, the financial planning and oversight agency for regional transit operations, as of December 31, 1993, and have issued our report thereon dated April 25, 1994. These financial statements are the responsibility of the management of the Regional Transportation Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Regional Transportation Authority as of December 31, 1993, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

As discussed in note 1 to the general purpose financial statements, the Regional Transportation Authority adopted the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity" in 1993.

As to the financial statements of the Service Boards, which include the Chicago Transit Authority (CTA), the Northeast Illinois Railroad Corporation (METRA Commuter Rail Division) and the Suburban Bus Division (PACE), we were furnished with the reports of other auditors with respect to their audits for 1993. The auditors' reports on the Services Boards were unqualified.

We have compiled the accompanying pro forma combining balance sheet of the Regional Transportation Authority and the Services Boards as of December 31, 1993, the pro forma combining statement of revenues and expenditures and the pro forma combining statement of cash flows for the year then ended in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying pro forma financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Our audit of the Regional Transportation Authority was made for the purpose of forming an opinion on the general purpose financial statements of the Regional Transportation Authority taken as a whole. The accompanying pro forma combining region-wide statement of revenues and expenditures and pro forma combining region-wide budgetary basis statement are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Regional Transportation Authority.

The accompanying statistical data are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements of the Regional Transportation Authority and, accordingly, we express no opinion on such statistical data.

KPMG Peat Marwick

May 24, 1994

Regional Transportation Authority and Service Boards

Pro Forma Combining Balance Sheet

December 31, 1993 *(in thousands)*

Assets	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Current Assets:							
Cash and investments (Note 7)							
Restricted	$131,730	$52,035	$52,903	$9,142			$245,810
Unrestricted	77,095	10,754	25,008	11,816			124,673
Receivables							
Sales tax	128,864						128,864
Interest on sales tax	105						105
Reduced fare reimbursement	20,239						20,239
Federal operating assistance	102						102
UWP receivable	165						165
Additional State Assistance	7,672						7,672
Interest on investments	1,382						1,382
Interagency	52,262					$52,262	
Due from CTA (Note 8)	21,011					21,011	
Due from Metra (Note 8)	18,250					18,250	
Due from other funds	7,618						7,618
Other receivables	7	16,327	12,341	2,518			31,193
Grant projects		27,314	30,578	792			58,684
Financial assistance - RTA		84,149	31,673	13,270		129,092	
Other carriers			896	247			1,143
Materials and supplies		64,908	6,831	2,320			74,059
Prepaid expenses	4,506	2,284	392	257			7,439
Total Current Assets	471,008	257,771	160,622	40,362	0	220,615	709,148
Fixed Assets:							
Plant, property and equipment	10,816	2,468,595	1,604,380	218,482			4,302,273
Construction in progress			6,304	14,104			20,408
Less: Accumulated depreciation		(727,991)	(435,460)	(90,406)			(1,253,857)
Total Fixed Assets	10,816	1,740,604	1,175,224	142,180	0	0	3,068,824
Other Assets:							
Investment relating to employee benefit plan		177,933	15,424				193,357
Other		7,957					7,957
Amount available in debt service fund	5,326						5,326
Amount to be provided for retirement of general long-term debt	534,957						534,957
Total Other Assets	540,283	185,890	15,424	0	0	0	741,597
Total Assets	$1,022,107	$2,184,265	$1,351,270	$182,542	0	$220,615	$4,519,569

See accompanying notes to pro forma combining financial statements.
See accompanying compilation report of KPMG Peat Marwick.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING BALANCE SHEET

December 31, 1993 *(in thousands)*

Liabilities, Public Investment and Fund Equity	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Current Liabilities:							
Vouchers Payable	$250	$96,700	$38,890	$5,984			$141,824
Payable to Service Boards:							
Operating assistance	102				$102		
New initiatives	33				33		
Capital grants	6,865				6,865		
Sales tax	109,535				109,535		
Interest on sales tax	95				95		
Reduced fare reimbursement	20,239				20,239		
Due to other funds	7,618						7,618
Accrued other expenses	2,293	82,872	16,009	3,643			104,817
Deferred operating assistance		2,141			2,141		
Deferred revenue		4,580	3,577				8,157
Advances, deposits and other liabilities	36,925	16,879			31,386		22,418
Financial assistance to other carriers			1,996	194			2,190
Current portion of incentive retirement		2,200					2,200
Current portion of claims liability	9,100	30,000		5,528			44,628
Current obligation - RTA (Note 8)		8,753	6,790	465	16,008		
Total Current Liabilities	193,055	244,125	67,262	15,814	186,404	0	333,852
Long-Term Liabilities:							
General Obligation Bonds payable (Note 9)	540,283						540,283
Claims liability		86,595	25,545	5,844			117,984
Employees' deferred compensation plan	1,987	177,933	15,424				195,344
Accrued benefits		35,961					35,961
Accrued pension cost		148,869					148,869
Long-term obligation - RTA (Note 8)		21,258	11,460		32,718		
Other long-term liabilities		7,646		3,671			11,317
Total Long-Term Liabilities	542,270	478,262	52,429	9,515	32,718	0	1,049,758
Total Liabilities	735,325	722,387	119,691	25,329	219,122	0	1,383,610
Public Investment and Fund Equity:							
Contributed Capital	48,500	1,767,808	1,152,257	145,070	611,837	610,344	3,112,142
Investment in general fixed assets	10,816						10,816
Retained earnings	2,364		79,322	12,143			93,829
Fund Balance:							
Reserved for 87 and prior budgeted capital	5,761						5,761
Reserved for 88 thru 92 budgeted capital	60,519						60,519
Reserved for debt service	10,036						10,036
Reserved for loans to Service Boards	22,471						22,471
Reserved for employee retirement	45,270						45,270
Reserved for prepaid expense	218						218
Reserved for bond capital projects	64,869						64,869
Unreserved, Undesignated	15,958						15,958
Accumulated deficit		(305,930)					(305,930)
Total Public Investment and Fund Equity	286,782	1,461,878	1,231,579	157,213	611,837	610,344	3,135,959
Total Liabilities, Public Investment and Fund Equity	$1,022,107	$2,184,265	$1,351,270	$182,542	$830,959	$610,344	$4,519,569

See accompanying notes to pro forma combining financial statements.
See accompanying compilation report of KPMG Peat Marwick.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended December 31, 1993 *(in thousands)*

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Revenues:							
Passenger fares		$354,994	$66,731	$30,463			$452,188
Other		38,236	26,286	5,938	$23,948		46,512
RTA financial assistance		367,474	159,563	58,781	585,818		
Sales taxes	$462,393						462,393
Interest on sales taxes	554						554
Federal operating assistance	49,421						49,421
PTF	115,771						115,771
Additional State Assistance	11,656						11,656
State reduced fare reimbursement	23,410						23,410
Investment income	14,031				578		13,453
Other grants and reimbursements	2,091						2,091
Total Revenues	679,327	760,704	252,580	95,182	610,344	0	1,177,449
Expenditures:							
Operating expenses		785,131	229,301	95,149		578	1,109,003
Depreciation		72,365	96,324	17,110			185,799
Operating grants to Service Boards	568,543					$568,543	
Capital grants to Service Boards	167,171					17,316	149,855
New initiatives to Service Boards	23					23	
Reduced fare reimbursement to Service Boards	23,410					23,410	
Sales tax interest to Service Boards	474					474	
Administration	4,885						4,885
Regional expenses	11,823						11,823
Debt Service	38,349						38,349
Capital outlay	2,927						2,927
Total Expenditures	817,605	857,496	325,625	112,259	0	610,344	1,502,641
Net Revenues (Expenses/Expenditures)							
Before Depreciation Exclusion	(138,278)	(96,792)	(73,045)	(17,077)	610,344	610,344	(325,192)
Depreciation exclusion		71,195	96,324	17,110			184,629
Bond proceeds	133,265						133,265
Retirement of debt	(22,788)						(22,788)
Capital farebox financing			7,424				7,424
Accounting changes			(28,846)				(28,846)
Net Revenues (Expenditures)	($27,801)	($25,597)	$1,857	$33	$610,344	$610,344	($51,508)

See accompanying notes to pro forma combining financial statements.
See accompanying compilation report of KPMG Peat Marwick.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO-FORMA COMBINING STATEMENT OF CHANGES IN PUBLIC INVESTMENT AND FUND BALANCE

For the Fiscal Year Ended December 31, 1993 *(in thousands)*

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Balance at December 31, 1992	$311,656	$1,168,120	$1,144,963	$142,629			$2,767,368
Net revenues (expenditures)	(27,801)	(25,597)	1,857	33	$610,344	$610,344	(51,508)
Net additions of general fixed assets	2,927						2,927
Combining adjustments to public investment, net of depreciation					1,493		(1,493)
Contributed capital assets:							
FTA		281,221	87,676	21,378			390,275
Illinois Department of Transportation		5,020	24,901	3,581			33,502
Regional Transportation Authority		104,309	68,506	6,702			179,517
Current year depreciation on other capital assets		(71,195)	(96,324)	(17,110)			(184,629)
Balance at December 31, 1993	$286,782	$1,461,878	$1,231,579	$157,213	$611,837	$610,344	$3,135,959

See accompanying notes to pro forma combining financial statements.
See accompanying compilation report of KPMG Peat Marwick.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended December 31, 1993 *(in thousands)*

	RTA Joint Self-Insurance Fund	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Pro Forma Combined Balance
Cash Flows From Operations:					
Operating income (loss)	($ 661)	($464,266)	($232,608)	($75,859)	($773,394)
Reconciling adjustments:					
Depreciation		72,365	96,324	17,110	185,799
Provision for claims	4,400	17,487	846	1,843	24,576
Capital improvements			51		51
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(1,365)	(3,903)	(3,509)	292	(8,485)
Decrease (increase) in materials and supplies		(479)	(295)	503	(271)
Decrease (increase) in other assets	(4,288)	10,847	121	(211)	6,469
Increase (decrease) in accounts payable		(5,180)	6,133	1,671	2,624
Increase (decrease) in other liabilities		(4,363)		99	(4,264)
Increase (decrease) in accrued expenses		12,920	(1,303)	487	12,104
Increase (decrease) in deferred revenues		(2,017)	1,104		(913)
Net cash provided by operating activities	(1,914)	(366,589)	(133,136)	(54,065)	(555,704)
Cash Flows From Noncapital Financing Activities:					
Financial assistance - operating		372,446	159,563	63,720	595,729
Increase in financial assistance receivable - RTA			(2,004)		(2,004)
Increase (decrease) in payables to RTA		6,500		(1,967)	4,533
Increase in due to other fund	(1,482)				(1,482)
Net cash provided by noncapital financing activities	(1,482)	378,946	157,559	61,753	596,776
Cash flows from Capital and Related Financing Activities:					
Decrease in long-term obligation-RTA			(6,790)		(6,790)
Financial assistance-grant projects		390,551	181,032	33,270	604,853
Capital farebox financing revenue			7,424		7,424
Decrease in receivable-grant project			(6,734)		(6,734)
Capital grant additions		(390,139)	(206,029)	(36,790)	(632,958)
Other capital improvements			(51)		(51)
Net cash provided by capital and related financing activities	0	412	(31,148)	(3,520)	(34,256)

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended December 31, 1993 *(in thousands)*

	RTA Joint Self-Insurance Fund	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Pro Forma Combined Balance
Cash flows from investing activities:					
Investment income	475				475
Decrease (increase) in interest receivable	(519)	1,901			1,382
Purchase of long-term marketable securities		(6,340)	(9,131)		(15,471)
Sales of long-term marketable securities		3,140	8,472		11,612
Net cash used in investing activities	(44)	(1,299)	(659)	0	(2,002)
Net increase (decrease) in cash and temporary investments	(3,440)	11,470	(7,384)	4,168	4,814
Add bank overdraft		14,518			14,518
Cash and cash equivalents at beginning of year	40,802	32,481	21,561	16,791	111,635
Cash and cash equivalents at end of year	$37,362	$58,469	$14,177	$20,959	$130,967

See accompanying notes the pro forma combining financial statements .
See accompanying compilation report of KPMG Peat Marwick.

Notes to Pro Forma Combining Financial Statements

Note 1 - Organizational Structure

RTA. The Regional Transportation Authority (RTA) was established in 1974 upon the approval of a referendum in its six-county Northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act. The RTA is a unit of local government, body politic, political subdivision and municipal corporation of the State of Illinois. As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services. At that time, the RTA made grants to the Chicago Transit Authority (CTA), which provided the bus and rapid transit service in Chicago and some adjacent Cook County suburbs. However, in 1983 the Illinois General Assembly reorganized the structure and funding of the RTA from an operating entity to a planning and oversight entity. The reorganization placed all operating responsibilities in the CTA and two operating divisions of the RTA: the Commuter Rail Division ("METRA"), and the Suburban Bus Division ("Pace"), each having its own independent board. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the RTA Act as the "Service Boards."

The RTA Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA's system as a whole achieves annually a "system generated revenue recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of the transportation services. The Service Boards achieve their required recovery ratio by establishing fares and related revenue to cover the required proportion of their proposed expenses. The RTA has certain financial oversight responsibilities relating to the budgets and financial performance of the CTA, METRA, and Pace.

CTA. The CTA was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a passenger transportation system within the City of Chicago.

METRA. The Northeast Illinois Regional Commuter Railroad Corporation, a public corporation acting under the service name of METRA, was established in 1980 to serve as the RTA's commuter rail division. METRA has the responsibility for policy making with respect to actual day-to-day operations, capital investments, fare levels, and service and facilities planning for its operations. METRA is directly responsible for the operation and management of the commuter services formerly provided by Rock Island, Milwaukee Road, METRA Electric and Heritage Corridor, and METRA SouthWest Service commuter rail lines. METRA also has responsibility for administration of all commuter rail activities in the metropolitan Chicago area including deficit funding, capital grant application, and administration activities.

Deficit funding operations arise from purchase of service agreements with the participating Chicago commuter rail carriers including: Chicago and NorthWestern Transportation Company, Burlington Northern Railroad Company, and Northern Indiana Commuter Transportation District (formerly provided by the Chicago SouthShore and South Bend Railroad). Under these agreements, METRA funds the commuter related operating deficits (as defined) and is entitled to reimbursement of commuter related operating surpluses (as defined) of these carriers. In addition, METRA incurs on behalf of the purchase of service agreement carriers certain direct expenses such as fuel, electricity, and insurance coverage considered to be "in-kind assistance." The title to the roadway and structure assets of these carriers, other than capital improvements funded by federal, state, and local grants and by METRA generated funds, is vested with the carriers and, accordingly, such assets are not reflected in these financial statements.

On June 16, 1993, METRA began directly operating the METRA SouthWest Service, which had been provided formerly by the Norfolk Southern Railway Company under a purchase of service agreement. Accordingly, in the 1993 statement of revenues and expenses, the operations of

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

METRA SouthWest Service are reflected in operating revenues and expenses rather than on a net basis in the purchase of service carriers expenses.

Pace. Independent operations of Pace commenced July 1, 1984. The Pace Board of Directors is empowered to operate suburban bus service within suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry and Will.

Pace determines the level, nature and kind of public transportation services that should be provided in the suburban region.

Reporting Periods. The RTA, METRA, and Pace report on a calendar year basis, with a fiscal year ended December 31, 1993. The CTA's fiscal year was December 27, 1992 through December 25, 1993. All statements enclosed herewith are based on each entity's fiscal year.

NOTE 2 - REPORTING ENTITY

The RTA and each of the Service Boards adopted the provisions of the Governmental Accounting Standards Board's Statement No. 14 (Statement No. 14), "The Financial Reporting Entity," effective for their respective 1993 fiscal years.

In the judgement of the management of each of the entities and with the concurrence of their auditors, analysis and application of Statement No. 14 criteria indicate that, while the RTA does exercise some fiscal oversight, the CTA, METRA and Pace are not part of the RTA reporting entity for purposes of preparing a comprehensive annual financial report in accordance with governmental accounting and financial reporting standards. Accordingly, financial statements for the CTA, METRA and Pace are not included or combined with the RTA's financial statements. They are combined, however, in this Pro Forma Combining Annual Financial Report. The Pro Forma Combining Annual Financial Report is a statutorily required report and is not required under governmental accounting and financial reporting standards.

In arriving at this conclusion, the following factors were considered;

- The CTA, METRA and Pace maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including: ownership of assets, relations with federal and state transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The CTA, METRA and Pace are also responsible for the purchase of services and approval of contracts relating to their operations.

- The RTA Board has control neither in the selection or appointment of any Service Board Director nor of any of its management. Further, directors of the CTA, METRA and Pace are excluded, except for the Chairman of the Chicago Transit Board who is also an RTA Board member, from serving on more than one entity's board of directors, including that of the RTA.

- The RTA Board is required by Illinois statues to approve the budgets of the Service Boards if such budgets meet specified system generated revenue recovery ratios.

As a result of the adoption of Statement No. 14, the RTA and CTA reporting entities for fiscal year 1993 include a Pension Plan and Supplemental Retirement Plans, respectively.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the RTA, CTA, METRA, and Pace conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

Fund Accounting. The RTA maintains its records using a governmental fund accounting model consisting of a General Fund, a Debt Service Fund, a Capital Projects Fund, a Joint Self-Insurance

Notes to Pro Forma Combining Financial Statements

Fund, an Agency Fund and beginning in fiscal year 1993, a Pension Trust Fund as a result of the adoption of Statement No. 14. All governmental funds and the Pension Trust and Agency Funds are accounted for using the modified accrual method of accounting, i.e. revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred. The Joint Self-Insurance Fund is accounted for on the accrual method of accounting. Fixed asset transactions are accounted for in the General Fixed Assets Account Group. Long-term liabilities are accounted for in the General Long-Term Debt Account Group. For the purpose of these pro forma statements, all RTA funds and account groups are combined, where appropriate.

The Service Boards are accounted for on a proprietary fund basis. Accordingly, the accrual method of accounting is utilized by the Service Boards. For purposes of these pro forma combining financial statements, Service Board financial statements are combined with those of the RTA.

Cash and Investments. All investments are recorded at cost, which approximates market value, except for investments held by the RTA Pension Plan and Trust and the RTA, CTA and METRA for their deferred compensation plans which are reported at market value.

Fixed Assets. All fixed assets are recorded at cost. In calculating depreciation, each of the Service Boards uses the straight-line method. The estimated useful lives vary depending on the type of fixed asset. These useful lives range from one to forty-five years.

Effective January 1, 1993, METRA changed its method of calculating depreciation on capital grant properties whereby depreciation is calculated using the straight-line method based on the original cost and estimated life of each individual asset within a capital grant. Previously, Metra calculated depreciation using the straight-line method based on the original cost and an estimated life assigned to the entire capital grant. METRA believes this change is preferable as the new method better matches costs and related expenses to related revenues and more accurately reflects the usage of capital grant properties.

The effect of this change was to record a $28,845,666 cumulative effect adjustment as of January 1, 1993 in the statement of revenues and expenses for the year ended December 31, 1993. It was not practicable to determine the effect on the 1993 operations.

Material and Supply Inventories. Each of the Service Boards record its inventory at the lower of cost or market. CTA and METRA use the average cost method to determine the cost base. Pace uses the first-in, first-out method to determine cost.

Compensated Absences. All four entities have recorded a liability for vested vacation time in the year the time was earned.

Revenues. The region has five principal sources of revenue and other financing sources: (1) farebox revenue; (2) retailers' occupation taxes, service occupation taxes, and use taxes (collectively, "Sales Taxes"); (3) funds appropriated to the RTA by statute through the State's Public Transportation Fund established under the RTA Act; (4) funds in respect of state or federal grants, loans, or any other such funds, which the RTA is authorized to apply for and receive under the RTA Act; and (5) investment income and other miscellaneous revenue.

Farebox Revenue. A major source of revenue to the Service Boards is fares collected from riders. Each entity has its own fare structure and method for collection of fares. Farebox revenue is recognized when fares paid are initially valid for transportation services.

Taxes. The RTA Sales Tax currently imposed by the RTA consists of (i) in Cook County, (a) a tax of 1% of the gross receipts from sales of drugs, certain medical supplies and food prepared for consumption off the premises (other than for immediate consumption) imposed on all persons selling tangible personal property at retail (a "Food and Drug Tax") and (b) a tax of .75% of the gross receipts from all other taxable retail sales; (ii) in counties within Northeastern Illinois (other than Cook County) a tax of .25% of the gross receipts from all taxable retail sales

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

(together with (i) (b), a "General Sales Tax"); and (iii) a tax of .75% on the use in Cook County, and .25% on the use of Northeastern Illinois other than Cook County of tangible personal property purchased from a retailer outside Northeastern Illinois and titled or registered with a State agency by a person with a Northeastern Illinois address (a "Use Tax"). The taxes described in (i) and (ii) above are also imposed on persons engaged in making sales of services pursuant to which tangible personal property or real estate (as incident to a sales of a service) is transferred (with respect to the taxes in (i) and (ii), a "Service Occupation Tax").

The RTA Sales Tax is collected by the Illinois Department of Revenue and paid to the Treasurer of the State of Illinois to be held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are payable monthly, without appropriation, by the State Treasury on the order of the State Comptroller directly to the RTA.

Also, proceeds from certain sales taxes imposed by the State are allocated to the RTA as part of the restructuring of the state and local sales taxes in Illinois. Until January 1, 1990, the State General Sales Tax, State Use Tax and State Service Occupation Tax portions of the RTA sales tax were imposed at a rate of 1% in Cook County. Effective January 1, 1990, as a result of legislation (the "Sales Tax Reform Act") aimed at simplifying the base and rate structure of taxes imposed by the state and its local governments, including the RTA, the State General Sales Tax, State Use Tax, State Service Occupation Tax and State Service Use Tax were increased from 5% to 6.25% and any corresponding portions of the RTA sales tax in Cook County were reduced from 1% to .75%. In order to avoid a revenue loss to the RTA because of the reduction in this portion of the RTA sales tax, the Sales Tax Reform Act directed that portions of the receipts from the State General Sales Tax, State Use Tax, State Service Occupation Tax, and State Service Use Tax be paid to the RTA annually.

Specifically, 4% of the net monthly revenue from the 6.25% State General Sales Tax and State Service Occupation Tax and 4% of the net monthly revenue from the State Use Tax on personal property purchased at retail outside the state but registered or titled with a state agency within the state (i.e., .25% of total) is transferred into the County and Mass Transit District Fund in the State Treasury (the "CMTD Fund"). The amount in the CMTD Fund attributable to taxable sales occurring in Cook County or to property registered or titled in Cook County is then transferred into the RTA Occupation and Use Tax Replacement Fund in the State Treasury (the "Replacement Fund"). In addition, (i) the net monthly revenue from the State Use Tax and State Service Use Tax portions of the 1% State Food and Drug Tax and (ii) 20% of the net monthly revenue of the 6.25% State Use Tax and State Service Use Tax (i.e., 1.25% of total), other than revenues of such taxes attributable to personal property purchased at retail outside of the state but registered or titled with a state agency within the state, are deposited in the State and Local Sales Tax Reform Fund (the "Reform Fund"). Ten percent of the money paid into the Reform Fund is then transferred into the Replacement Fund.

The RTA Act provides that the RTA withhold 15% of the tax revenues generated and that these revenues are deposited into the RTA's General Fund. The RTA is required to pass on to the Service Boards, pursuant to statutory formula, an amount equal to the remainder of such tax revenues. The remaining 85% of sales tax is allocated to the Service Boards as follows:

Service Board	Collected Within Chicago	Collected Within Cook County Outside Chicago	Collected in DuPage Kane, Lake, McHenry and Will Counties
CTA	100%	30%	-
METRA	-	55%	70%
Pace	-	15%	30%

The criteria applied for recognition of the receivable and related revenue are that the amounts are "measurable and available" for the RTA to meet its current obligations.

Notes to Pro Forma Combining Financial Statements

Public Transportation Fund (PTF). In accordance with the RTA Act, the State Treasurer is authorized and required to transfer from the state's general revenue fund to a special fund in the State Treasury designated the "Public Transportation Fund" an amount equal to 25% of net revenues realized from sales taxes (or, as the case may be, gasoline or parking taxes) imposed by the Board. These amounts may be paid to the RTA only upon state appropriation. The state has approved an appropriation of $125 million from the Public Transportation Fund through its 1994 fiscal year which will end June 30, 1994. In 1993, the RTA also received Additional State Assistance (ASA) from the PTF. The amount received is equivalent to the debt service on Strategic Capital Improvement Program bonds, subject to a statutory cap and appropriation.

None of the revenues from the Public Transportation Fund is payable to the RTA unless and until it certifies to the Governor, State Comptroller, and Mayor of the City of Chicago that the RTA has adopted a budget and financial plan as called for by the RTA Act.

The amounts allocable to each of the Service Boards from funding received by the RTA from the state's Public Transportation Fund are allocated at the discretion of the RTA Board in connection with the review and approval of the annual revised budgets of each Service Board. The allocable amounts of such funds are payable as soon as may be practicable upon their receipt, provided the RTA has adopted a budget pursuant to Section 4.01 of the Act, and the Service Board that is to receive such funds is in compliance with the budget requirement imposed upon the Service Board pursuant to Section 4.11 of the Act.

Federal Operating Assistance Grant. A grant is provided to the RTA under Section 9 of the Federal Urban Mass Transportation Act. The revenue is recognized on the modified accrual basis in the year funds are actually received based upon final approval of the grant. All funds received under this grant are "passed through" to the Service Boards.

Reduced Fare Reimbursement. The Legislature has appropriated funds for a program under which the Illinois Department of Transportation is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for actual revenue losses attributable to reduced fares for students, people with disability and the elderly. The revenue is recognized on the modified accrual method when the amount is requested from the Illinois Department of Transportation.

Combining Adjustments. Inter-agency receivables, payables, revenues, expenses and expenditures have been eliminated in accordance with generally accepted accounting principles in the Pro Forma Combining Adjustment Column. There are some differences in these amounts reported in the stand-alone financial statements of the RTA and the Service Boards. These valid differences relate primarily to differences in timing in the recording of certain transactions. For purposes of these pro forma combining financial statements, such differences are recorded as combining adjustments to contributed capital.

Note 4 – Budget and Budgetary Accounting

Section 4.01(a) of the RTA Act requires the RTA prepare and adopt a comprehensive annual budget and program presenting the RTA's planned operations and capital expenditures for the forthcoming year. The budget is comprehensive and includes the activity in the General and Agency Funds.

The annual budget and related appropriations are prepared in conformity with generally accepted accounting principles except for capital grants, which are budgeted for on a project basis which normally exceeds one year, and debt service payments which are budgeted as transfers from the General Fund. RTA expenditures may not exceed budgeted appropriations except by RTA Board approval. All appropriations lapse at year-end. During the year, several supplementary appropriations were passed.

It is the policy of the RTA to fund the budgets of the Service Boards, up to the amount appropriated in the annual Budget Ordinance. The Service Boards shall maintain all financial records and shall prepare all financial statements and reports, including quarterly and annual reports required under the Act, in accordance with the following provisions:

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

1. The first source of funds to be credited against the budgeted funding amount is from FTA operating assistance grant;
2. The second source of funds to be credited against the budgeted funding amount is from 85% sales tax receipts;
3. The third source of funds to be credited against the budgeted funding amount is from PTF receipts; and
4. The fourth source of funds credited against the budgeted funding amount is from RTA 15% and other discretionary receipts.

For capital expenditures, the payment of PTF funds, 15% funds, and other discretionary funds of the RTA shall be made under the terms and conditions of a grant agreement governing such capital expenditures.

NOTE 5 – LEASES

The RTA and CTA hold operating leases which are primarily for rent expense on the facility they occupy. METRA has several operating leases, primarily for the use of passenger terminals and for rent expense on the facility it occupies.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Each of the entities has various commitments that have arisen in the normal course of operations. None is expected to have a material adverse impact on its financial position as presented.

Each of the entities has also established liabilities for potential legal judgements to satisfy claims against the entity.

The RTA has also established a Loss Financing Plan to cover funding of losses incurred by the RTA and the Service Boards over certain established limits.

NOTE 7 – CASH AND INVESTMENTS

The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/0.01, et. seq. Each of the four entities also has established its own investment policy which is in line with the state statute, or in some cases more restrictive.

The RTA and Service Boards have on hand at December 31, 1993, $370.5 million of cash and investments. Of that amount $245.8 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects.

NOTE 8 – DUE FROM SERVICE BOARDS

During 1992, the RTA made a loan for $11.011 million to the CTA. An additional $10 million loan was made in 1993. The loans are free of interest with the aggregate repayments to be made in cash in accordance with the following schedule:

October 1, 1994	$5,000,000
December 31, 1994	5,000,000
April 1, 1995	5,500,000
September 30, 1995	5,511,000
	$21,011,000

Notes to Pro Forma Combining Financial Statements

Fund balance has been reserved for the long-term portion of this receivable.

Also, during 1992, the RTA paid $12.5 million to the CTA from the Loss Financing Plan. In 1993, the CTA made a $3.5 million principal payment on this advance in accordance with the repayment schedule.

An agreement dated July 14, 1987 between the RTA and METRA stipulates that METRA would repay the RTA the principal sum of $67.9 million in ten equal annual installments, without interest, beginning December 31, 1988, with final payment due December 31, 1997. In September 1987, METRA repaid the RTA $11.8 million with UMTA grants which were used to retire a portion of the General Obligation Notes. The RTA forgave $3.9 million of this receivable and accordingly made the corresponding repayment of the balance of the General Obligation Note with its own financial resources. METRA repaid $6.79 million in each year from 1989 through 1993. The remaining receivable from METRA at December 31, 1993 is $18.25 million. Fund balance has been reserved for the long-term portion.

During 1993, the RTA paid $465,000 to Pace from the Loss Financing Plan. The amount is to be repaid in 1994.

Note 9 - Long-Term Debt

Changes during the year in long-term debt were as follows (in millions):

General Obligation	Long-term obligation at December 31, 1992	New Issues	Defeased	Current Retirements	Long-term obligation at December 31, 1993
1986A	$18.5	$-	$-	($4.2)	$14.3
1990A	97.7	-	(20.3)	(1.2)	76.2
1991A	100.0	-	-	(1.4)	98.6
1992A & 1992B	218.0	-	-	-	218.0
1993A & 1993B	-	110.0	-	-	110.0
1993C Refunding	-	23.3	-	(.1)	23.2
Total	$434.2	$133.3	($20.3)	($6.9)	$540.3

Advance Refunding: On June 21, 1993, the RTA advance refunded a portion of a general obligation bond issue. The RTA issued $23,265,000 of general obligation refunding bonds (1993 Series C) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance refunding was under taken to reduce total debt service payments over the next sixteen years by $1,218,119 (assuming no early retirement) and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately $682,296.

At December 31, 1993, $20,350,000 of outstanding general obligation bonds (1990A Series) are considered defeased.

1986 General Obligation Bonds. On November 1, 1986, the RTA issued $40 million General Obligation Bonds, Series 1986A, to establish a Joint Self-Insurance Fund for the RTA, CTA, Metra, and Pace. The purpose of the Joint Self-Insurance Fund is to provide a source from which to pay substantial damage and other claims above retained limits payable by any of the participants arising out of personal injuries, property damage and certain other losses and damages. The Self-Insurance Agreement provides that the Joint Self-Insurance Fund is not available to pay the principal or interest on the Series 1986A Bonds.

Notes to Pro Forma Combining Financial Statements

The Series 1986A Bonds will mature on November 1 over a ten-year period and interest will be payable at rates ranging from 4.0% to 6.2% on May 1, 1987 and semi-annually thereafter on November 1 and May 1 in each remaining year.

Principal and interest requirements on the Series 1986A Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1994	4,485,000	866,845	5,351,845
1995	4,750,000	602,230	5,352,230
1996	5,040,000	312,480	5,352,480
Total	$14,275,000	$1,781,555	$16,056,555

1990 General Obligation Bonds. In May 1990, the RTA issued $100 million General Obligation Bonds, Series 1990A, to establish a Capital Projects Fund to provide the source of paying costs of the Capital Program for the CTA, Metra, and Pace.

The Series 1990A Bonds will mature on November 1 over a thirty-year period and interest will be payable at rates ranging from 6.00% to 7.15% on November 1, 1990 and semi-annually thereafter on May 1 and November 1 in each remaining year.

Principal and interest requirements on the Series 1990A Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1994	$1,310,000	$5,410,190	$6,720,190
1995	1,390,000	5,327,660	6,717,660
1996	1,480,000	5,238,700	6,718,700
1997	1,575,000	5,142,500	6,717,500
1998	1,680,000	5,038,550	6,718,550
1999	1,790,000	4,925,150	6,715,150
2000	1,915,000	4,803,430	6,718,430
2001	2,045,000	4,671,295	6,716,295
2002	2,185,000	4,530,190	6,715,190
2003	0	4,377,240	4,377,240
2004	0	4,377,240	4,377,240
2005	0	4,377,240	4,377,240
2006	0	4,377,240	4,377,240
2007	0	4,377,240	4,377,240
2008	0	4,377,240	4,377,240
2009	0	4,377,240	4,377,240
2010	3,810,000	4,377,240	4,377,240
2011	4,085,000	4,102,920	8,187,920
2012	4,380,000	3,808,800	8,188,800
2013	4,695,000	3,493,440	8,188,440
2014	5,035,000	3,155,400	8,190,400
2015	5,395,000	2,792,880	8,187,880
2016	5,785,000	2,404,440	8,189,440
2017	6,200,000	1,987,920	8,187,920
2018	6,645,000	1,541,520	8,186,520
2019	7,125,000	1,063,080	8,188,080
2020	7,640,000	550,080	8,190,080
Total	$76,165,000	$105,006,065	$181,171,065

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

1991 General Obligation Bonds. In November 1991, the RTA issued $100 million in General Obligation Bonds, Series 1991A, to replenish the capital projects fund to provide the source of paying costs of the Capital Program for the CTA, Metra, and Pace.

The Series 1991A Bonds will mature on November 1 over a thirty-year period and interest will be payable at rates ranging from 4.85% to 6.55% on May 1, 1992 and semi-annually thereafter on November 1, and May 1 in each remaining year.

Principal and interest requirements on the 1991A Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1994	$1,410,000	$6,419,699	$7,829,699
1995	1,480,000	6,347,789	7,827,789
1996	1,555,000	6,270,089	7,825,089
1997	1,640,000	6,186,119	7,826,119
1998	1,735,000	6,095,099	7,830,099
1999	1,830,000	5,996,204	7,826,204
2000	1,940,000	5,889,149	7,829,149
2001	2,055,000	5,773,719	7,828,719
2002	2,180,000	5,649,391	7,829,391
2003	2,310,000	5,515,321	7,825,321
2004	2,455,000	5,370,946	7,825,946
2005	2,615,000	5,215,054	7,830,054
2006	2,780,000	5,046,386	7,826,386
2007	2,965,000	4,864,296	7,829,296
2008	3,160,000	4,667,865	7,827,865
2009	3,370,000	4,458,515	7,828,515
2010	3,595,000	4,232,725	7,827,725
2011	3,835,000	3,991,860	7,826,860
2012	4,090,000	3,734,915	7,824,915
2013	4,365,000	3,460,885	7,825,885
2014	4,660,000	3,168,430	7,828,430
2015	4,970,000	2,856,210	7,826,210
2016	5,305,000	2,523,220	7,828,220
2017	5,660,000	2,167,785	7,827,785
2018	6,040,000	1,788,565	7,828,565
2019	6,445,000	1,383,885	7,828,885
2020	6,875,000	952,070	7,827,070
2021	7,335,000	491,445	7,826,445
Total	$98,655,000	$120,517,636	$219,172,636

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

1992 General Obligation Bonds. In June 1992, the RTA issued $188 million in General Obligation Bonds Series 1992A, to pay the cost of purchasing and reconstructing railcars for Metra. The RTA also issued $30 million in General Obligation Bonds, Series 1992B, to pay the costs of reconstruction, acquisition, repair, and replacement of certain public transportation facilities for the CTA, Metra, and Pace.

The Series 1992A and 1992B Bonds will mature on June 1 over a thirty-year period and interest will be payable at rates ranging from 5.30% to 9.00% on December 1, 1992 and semi-annually thereafter on June 1 and December 1 in each remaining year.

Principal and interest requirements on the Series 1992A and 1992B Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1994	$0	$14,352,169	$14,352,169
1995	0	14,352,169	14,352,169
1996	0	14,352,169	14,352,169
1997	2,176,364	14,352,169	16,528,533
1998	3,540,909	14,243,413	17,784,322
1999	3,743,636	14,051,779	17,795,415
2000	3,963,182	13,840,569	17,803,751
2001	4,200,909	13,611,943	17,812,852
2002	4,455,455	13,366,233	17,821,688
2003	4,731,364	13,101,189	17,832,553
2004	5,080,000	12,815,028	17,895,028
2005	5,531,818	12,415,174	17,946,992
2006	6,053,636	11,918,914	17,972,550
2007	6,625,455	11,375,854	18,001,309
2008	7,247,273	10,761,494	18,008,767
2009	7,858,636	10,131,334	17,989,970
2010	8,415,455	9,551,974	17,967,429
2011	8,972,727	9,014,630	17,987,357
2012	9,568,182	8,441,702	18,009,884
2013	10,210,000	7,824,884	18,034,884
2014	10,895,455	7,162,794	18,058,249
2015	11,614,545	6,456,244	18,070,789
2016	12,357,273	5,729,754	18,087,027
2017	13,135,909	4,974,541	18,110,450
2018	13,965,909	4,171,738	18,137,647
2019	14,847,727	3,318,219	18,165,946
2020	15,785,909	2,410,800	18,196,709
2021	16,784,091	1,446,051	18,230,142
2022	6,238,181	420,298	6,658,489
	$218,000,000	$279,965,229	$497,965,229

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

1993 General Obligation Bonds. In June 1993, the RTA issued $55 million in General Obligation Bonds Series 1993A, to pay the cost of purchasing the reconstructing rail cars for Metra. The RTA also issued $55 million in General Obligation Bonds, Series 1993B, to pay the costs of reconstruction, acquisition, repair, and replacement of certain public transportation facilities for the CTA, Metra, and Pace.

The Series 1993A and 1993B Bonds will mature on June 1 over a thirty-year period and interest will be payable at rates ranging from 4.21% to 5.85% on December 1, 1993 and semi-annually thereafter on June 1 and December 1 in each remaining year.

Principal and interest requirements on the Series 1993A and 1993B Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1994	$0	$6,210,790	$6,210,790
1995	0	6,210,790	6,210,790
1996	1,186,818	6,210,790	7,397,608
1997	1,919,091	6,163,792	8,082,883
1998	2,007,273	6,080,980	8,088,253
1999	2,097,273	5,990,356	8,087,629
2000	2,200,000	5,891,476	8,091,476
2001	2,316,364	5,783,380	8,099,744
2002	2,436,364	5,666,364	8,102,728
2003	2,569,091	5,540,844	8,109,935
2004	2,709,091	5,405,944	8,115,035
2005	2,861,818	5,260,976	8,122,794
2006	3,021,818	5,105,000	8,126,818
2007	3,194,545	4,937,272	8,131,817
2008	3,380,909	4,757,766	8,138,675
2009	3,583,636	4,566,100	8,149,736
2010	3,793,636	4,360,072	8,153,708
2011	4,019,545	4,140,484	8,160,029
2012	4,260,909	3,907,846	8,168,755
2013	4,515,455	3,661,230	8,176,685
2014	4,788,182	3,398,499	8,186,681
2015	5,074,545	3,118,986	8,193,531
2016	5,383,636	2,822,742	8,206,378
2017	5,710,000	2,508,480	8,218,480
2018	6,052,727	2,175,147	8,227,874
2019	6,415,455	1,821,807	8,237,262
2020	6,804,545	1,447,290	8,251,835
2021	7,210,909	1,050,075	8,260,984
2022	7,646,364	629,109	8,275,473
2023	2,840,001	182,754	3,022,755
	$110,000,000	$125,007,141	$235,007,141

Notes to Pro Forma Combining Financial Statements

1993 General Obligation Refunding Bonds. In June 1993, the RTA issued $23.3 million in General Obligation Bonds Series 1993C to provide funds to refund in advance of maturity the RTA's outstanding Series 1990A Bonds maturing November 1 in the years 2003, 2004, 2005, and 2009 in the aggregate amount of $20.35 million.

The Series 1993C Refunding Bonds will mature on June 1 over sixteen-year period and interest will be payable at rates ranging from 2.75% to 5.70% on December 1, 1993 and semi-annually thereafter on June 1 and December 1 in each remaining year.

Principal and interest requirement on the Series 1993C Refunding Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1994	$145,455	$1,260,088	$1,405,543
1995	153,636	1,255,408	1,409,044
1996	156,364	1,249,568	1,405,932
1997	163,182	1,243,088	1,406,270
1998	171,364	1,235,962	1,407,326
1999	178,182	1,228,143	1,406,325
2000	186,364	1,219,650	1,406,014
2001	196,364	1,210,458	1,406,822
2002	1,736,818	1,200,538	2,937,356
2003	2,723,182	1,114,870	3,838,052
2004	2,874,091	971,915	3,846,006
2005	3,026,819	818,103	3,844,922
2006	3,199,545	653,118	3,852,663
2007	3,379,545	475,544	3,855,089
2008	3,572,273	285,622	3,857,895
2009	1,325,452	83,106	1,408,558
	$23,188,636	$15,505,181	$38,693,817

All of the Series Bonds are general obligations of the RTA to which the full faith and credit of the RTA are pledged. The Bonds are payable from all revenues and all other funds received or held by the RTA (except amounts in the Joint Self-Insurance Fund and amounts required to be held or used with respect to separate ordinance obligations), that lawfully may be used for retiring the debt.

The Bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the Trustee by officials of the State of Illinois. If for any reason the required monthly debt service payment has not been made by the RTA, the Trustee is to deduct it from the receipts. If all payments have been made, the funds are made available to the RTA for regular use.

Under the Act, the CTA, Metra, and Pace's farebox receipts and funds on hand are not available for payment of debt service.

In the Debt Service Fund, $5,326,491 is available to service the RTA's long-term debt as of December 31, 1993. The remaining balance in this fund is reserved for interest payments.

Note 10 – Deferred Compensation

Each of the entities offers a deferred compensation plan to its employees. The RTA, CTA, METRA, and Pace have plans created in accordance with Internal Revenue Code Section 457. METRA and Pace also offer 401(K) plans.

In each Section 457 plan, all amounts deferred, all property or rights purchased with such amounts, and all earnings on such investments are unrestricted assets of the entity until paid to the participant. The participants rights under the plan are equal to those of general creditors, although none of the entities plan to use these assets to satisfy liabilities.

Notes to Pro Forma Combining Financial Statements

Note 11 – Pension

All eligible employees of the four entities are covered under a pension plan. RTA employees, as well as non-union employees of METRA and Pace are covered under the RTA Pension Plan which is a multi-employer non-contributory defined benefit cost sharing plan. The union employees of METRA and Pace are covered under various other plans as are required by their collective bargaining agreements.

The employees of the CTA are generally covered by the Employees Retirement Plan, governed by the terms of the employees collective bargaining agreement.

Note 12 – Region-Wide Financial Information

The RTA management has elected to present certain region-wide financial information. The purpose of this information is to provide a total overview of transportation related operations in the Northeastern Illinois region. Accordingly, this region-wide information is presented on the following two pages in a pro forma combining region-wide statement of revenues and expenditures and a pro forma combining region-wide budgetary basis statement of revenues and expenditures - budget and actual.

The primary financial statements of the RTA and the Service Boards used to prepare the pro forma combining statements of revenues and expenditures do not include the aggregate of system generated revenues and costs. METRA properly nets the revenues and expenses for their private carriers. The pro forma combining region-wide statement of revenues and expenditures does include, however, the aggregate of all system revenues and costs. However, the RTA Act modifies generally accepted accounting principles to exclude certain revenues and expenses from the calculation of the region-wide system generated revenues recovery ratio.

The RTA Act, as amended, requires that the aggregate of all system generated revenues equal at least 50% of the aggregated costs of providing such public transportation. This concept is described as the "system generated revenues recovery ratio."

For 1993, the region-wide system generated revenues recovery ratio is calculated as follows:

System Generated Revenues	*(in thousands)*
CTA	$393,230
METRA	176,650
Pace	33,634
RTA	7,469
Total System Generated Revenues	$610,983
System Generated Expenses	
CTA	$757,651
Metra	310,482
Pace	92,382
RTA	11,646
Total System Generated Expenses	$1,172,161

Total system generated revenues recovery ratio equals revenues of $611.0 million divided by a total expenses of $1,172.2 million or 52.12%.

The system generated expenses for the CTA do not include $24.3 million of injury and damage expenses required based on a current actuarial valuation. If these expenses had been included, the system generated revenues recovery ratio would be 51.07%, still above the required 50%. In prior years, these amounts were included as an expense; in future years these amounts will be included in the years these expenses are funded. METRA and Pace have included all injury and damage expenses in their system generated expenses, as they have been fully funded and represent a 1993 expense.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING REGION-WIDE STATEMENT OF REVENUES AND EXPENDITURES

For the Fiscal Year Ended December 31, 1993 *(in thousands)*

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Pro Forma Combined Balance
Revenues:							
Passenger fares		$354,994	$148,828	$30,463			$534,285
Other		38,236	27,822	5,938	$23,948		48,048
RTA financial assistance		367,474	159,563	58,781	585,818		
Sales taxes	$462,393						462,393
Interest on sales taxes	554						554
Federal operating assistance	49,421						49,421
PTF	115,771						115,771
Additional State Assistance	11,656						11,656
State reduced fare reimbursement	23,410						23,410
Investment income	14,031				578		13,453
Other grants and reimbursements	2,091						2,091
Total Revenues	679,327	760,704	336,213	95,182	610,344	0	1,261,082
Expenditures:							
Operating expenses		785,131	312,934	95,149		578	1,192,636
Depreciation		72,365	96,324	17,110			185,799
Operating grants to Service Boards	568,543					568,543	
Capital grants to Service Boards	167,171					17,316	149,855
New initiatives to Service Boards	23					23	
Reduced fare reimbursement to Service Boards	23,410					23,410	
Sales tax interest to Service Boards	474					474	
Administration	4,885						4,885
Regional expenses	11,823						11,823
Debt Service	38,349						38,349
Capital outlay	2,927						2,927
Total Expenditures	817,605	857,496	409,258	112,259	0	610,344	1,586,274
Net Revenues (Expenses/Expenditures)							
Before Depreciation Exclusion	(138,278)	(96,792)	(73,045)	(17,077)	610,344	610,344	(325,192)
Depreciation exclusion		71,195	96,324	17,110			184,629
Bond proceeds	133,265						133,265
Retirement of debt	(22,788)						(22,788)
Capital farebox financing			7,424				7,424
Accounting changes			(28,846)				(28,846)
Net Revenues (Expenditures)	($27,801)	($25,597)	$1,857	$33	$610,344	$610,344	($51,508)

See accompanying compilation report of KPMG Peat Marwick.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING REGION-WIDE BUDGETARY BASIS STATEMENT OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL

For the Fiscal Year Ended December 31, 1993 *(in thousands)*

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance	Pro Forma Region-Wide Budget
					Debit	Credit		
Revenues:								
Passenger fares		$354,994	$148,828	$30,463			$534,285	$590,231
Other		38,236	27,822	5,938	$23,948		48,048	
RTA financial assistance		367,474	159,563	58,781	585,818			
Sales taxes	$462,393						462,393	462,895
Interest on sales taxes	554						554	550
Federal operating assistance	49,421						49,421	49,098
PTF	115,771						115,771	115,723
State Additional Assistance	11,656						11,656	16,541
State reduced fare reimbursement	23,410						23,410	23,954
Investment income	14,031				578		13,453	5,330
Other grants and reimbursements	2,091						2,091	720
Bond proceeds	133,265						133,265	
Total Revenue	812,592	760,704	336,213	95,182	610,344	0	1,394,347	1,265,042
Expenditures:								
Operating expenses		785,131	312,934	95,149		578	1,192,636	1,196,992
Depreciation		1,170					1,170	
Operating grants to Service Boards	568,543					568,543		
Capital grants to Service Boards	167,171					17,316	149,855	56,583
New initiatives to Service Boards	23					23		
Reduced fare reimbursement to Service Boards	23,410					23,410		23,954
Sales tax interest to Service Boards	474					474		
Administration	4,885						4,885	5,091
Regional expenses	11,823						11,823	8,746
Capital outlay	2,927						2,927	6,265
Debt Service	38,349						38,349	48,253
Retirement of debt	22,788						22,788	
Total Expenditures	$840,393	$786,301	$312,934	$95,149	$0	$610,344	$1,424,433	$1,345,884

See accompanying compilation report of KPMG Peat Marwick.

SERVICE DIVISION OPERATING CHARACTERISTICS

CHICAGO TRANSIT AUTHORITY

Rapid Transit

- 224 route miles
- 144 stations served
- 1,237 rapid transit cars
- 10.2 million riders per month

Motor Bus

- 140 bus routes
- 2,150 buses
- 27.6 million riders per month

Paratransit

- 80 thousand riders per month

METRA COMMUTER RAIL DIVISION

- 502 route miles
- 1,210 miles of track
- 234 stations
- 130 locomotives
- 683 passenger cars
- 223 electric cars
- 663 trains operated each weekday
- 97.1% on-time performance in 1993
- 5.8 million riders per month

PACE SUBURBAN BUS DIVISION

Fixed Route

- 163 regular routes
- 80 feeder routes
- 200 communities served
- 98 commuter rail and rapid transit stations served
- 608 vehicles in use during peak periods
- 3.2 million riders per month

Paratransit

- 60 local services
- 200 Pace owned lift-equipped buses in service
- 210 communities served
- 105 thousand riders per month

ALLOCATION OF CAPITAL FUNDS TO NORTHEAST ILLINOIS

Last Ten Calendar Years

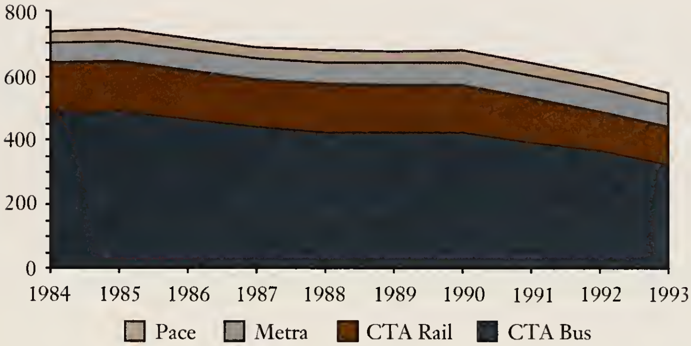
Sections 3, 9 and 23

(In millions)

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	RTA
1984	$269.96	$157.90	$76.56	$35.50	$-0-
1985	231.40	141.20	75.40	14.80	-0-
1986	237.36	141.45	77.20	18.19	0.52
1987	243.30	142.90	84.20	16.20	-0-
1988	245.72	154.18	72.93	18.61	-0-
1989	270.17	165.89	84.34	19.94	-0-
1990	174.79	113.45	42.46	18.88	-0-
1991	174.79	101.10	67.53	6.16	-0-
1992	161.14	90.77	57.14	13.23	-0-
1993	175.43	99.75	63.98	11.70	-0-
Total	$2,184.06	$1,308.59	$701.74	$173.21	$0.52

System Ridership (in millions)

1984-1993 *(In millions)*

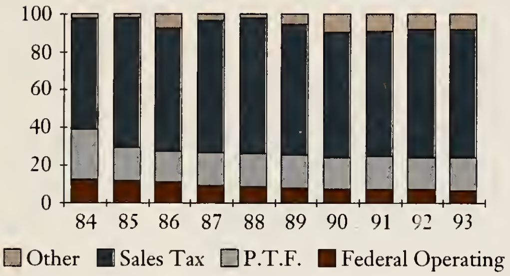


Unlinked Passenger Trips

Service Consumed:	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
CTA - Bus	484.9	487.9	467.7	440.7	424.3	421.7	423.2	394.1	373.3	328.1
CTA - Rail	153.9	155.9	145.7	148.6	149.4	147.7	146.7	135.3	120.6	118.5
Total CTA	638.8	643.8	613.4	589.3	573.7	569.4	569.9	529.4	493.9	446.6
Metra	59.6	61.8	62.1	64.0	67.0	68.4	69.3	69.0	70.0	69.9
Pace	36.3	38.4	36.1	35.6	36.7	37.9	40.4	40.5	39.3	38.3
System Total	734.7	744.0	711.6	688.9	677.4	675.7	679.6	638.9	603.2	554.8
Percent Change	4.8%	1.3%	(4.4%)	(3.2%)	(1.7%)	(0.3%)	0.6%	(6.0)%	(5.6%)	(8.0%)

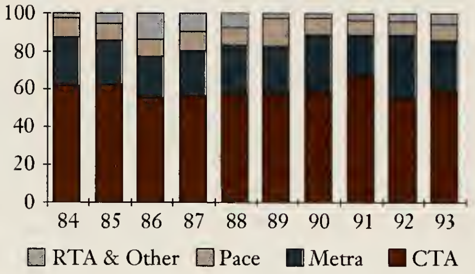
DISTRIBUTION OF REVENUES

1984-1993
(Percentage)



DISTRIBUTION OF EXPENSES

1984-1993
(Percentage)



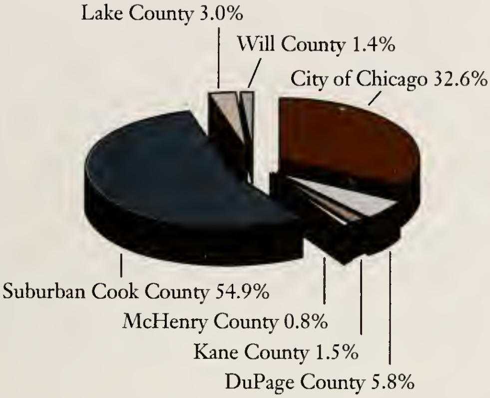
RETAILERS' OCCUPATION AND USE TAX (SALES TAX) REVENUES BY COUNTY / CITY OF CHICAGO

Last Eight Fiscal Years
(In Thousands)

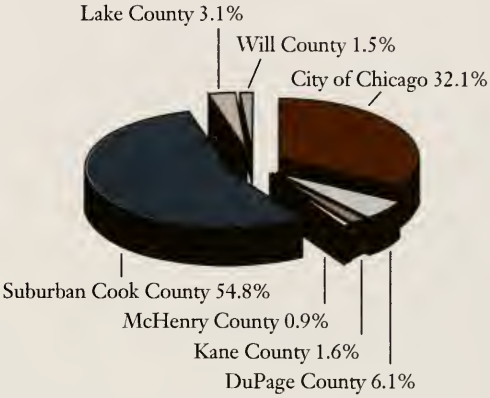
Location of Retailer	12 Months Ended 12/31/86	% of Total	12 Months Ended 12/31/87	% of Total	12 Months Ended 12/31/88	% of Total	12 Months Ended 12/31/89
City of Chicago	$132,201	35.87	$136,920	35.43	$146,037	34.87	$149,095
Suburban Cook County	197,363	53.54	207,453	53.68	226,332	54.05	232,262
DuPage County	18,615	5.05	19,769	5.12	21,845	5.22	22,734
Kane County	4,927	1.34	5,427	1.41	5,927	1.42	6,201
Lake County	8,798	2.39	9,696	2.51	10,702	2.56	11,314
McHenry County	2,305	0.63	2,524	0.65	2,867	0.68	3,059
Will County	4,370	1.18	4,650	1.20	5,042	1.20	5,323
Total retailer's occupation and use tax (sales tax) revenue	$368,579	100.00	$386,439	100.00	$418,752	100.00	$429,988

SALES TAX REVENUES SOURCE BY COUNTY/CITY OF CHICAGO

1992



1993



% of Total	12 Months Ended 12/31/90	% of Total	12 Months Ended 12/31/91	% of Total	12 Months Ended 12/31/92	% of Total	12 Months Ended 12/31/93	% of Total
34.67	$152,611	34.36	$142,034	33.41	$145,541	32.64	$148,334	32.09
54.02	240,429	54.14	232,487	54.68	244,671	54.87	253,591	54.84
5.29	23,615	5.32	23,277	5.47	26,015	5.84	28,060	6.07
1.44	6,448	1.45	6,332	1.49	6,717	1.51	7,278	1.57
2.63	11,997	2.70	12,151	2.86	13,289	2.98	14,341	3.10
0.71	3,302	0.74	3,312	0.78	3,631	0.81	4,026	0.87
1.24	5,708	1.29	5,580	1.31	6,027	1.35	6,763	1.46
100.00	$444,110	100.00	$425,173	100.00	$445,891	100.00	$462,393	100.00

Z1299

LEGAL DEBT CAPACITY

1993

LEGAL DEBT MARGIN:

Debt limitation per Act for General Obligations		$1,000,000,000
Debt applicable to limitation:		
1986A General Obligation Bonds	$14,275,000	
1990A General Obligation Bonds	76,165,000	
1991A General Obligation Bonds	98,655,000	
1992A General Obligation Bonds	188,000,000	
1992B General Obligation Bonds	30,000,000	
1993A General Obligation Bonds	55,000,000	
1993B General Obligation Bonds	55,000,000	
1993C General Obligation Bonds	23,188,636	
Less: Amount available for repayment	(5,326,491)	
Total debt applicable to limitation		534,957,145
Debt Margin for General Obligations		465,042,855
Debt limitation per Act for Working Cash Notes		100,000,000
Total Legal Debt Margin		$565,042,855

REVENUE TEST:

Sales Tax must be 1.5 times greater than debt service requirements
Revenues available must be 2.5 times greater than debt service requirements

Debt Service Requirements for 1993 were $37,390,132
1.5 x $37,390,132 = $56,085,198 vs. $462,392,672 of Sales Tax
2.5 x $37,390,132 = $93,475,330 vs. $670,674,016 of revenues available

CTA

Working Cash Notes	$40,000,000

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